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Decorative Products

W O R L D



ANNUAL READER SURVEY

Plus

A Look at Sears

PAINT:
*The Moisture
Problem*

J. Dworkin

BEST AVAILABLE COPY

Decorative Products

W O R L D

Serving volume outlets for paint, wallcoverings
and related merchandise

FEBRUARY, 1980

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VOL. 72 NO. 6

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*Seventy-Second Year of Publication

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Cool economic and political winds are causing retailers to act cautiously. Last year, while not great, was not bad, and retailers seem generally pleased with their performance.

1980 FORECAST

How does next year look in terms of gross sales?

GROSS SALES	Paint & Wall-coverings Stores		Hardware Stores		Lumber & Bldg. Mtl.	
	No.	%	No.	%	No.	%
Up.....	134	64.73	43	68.26	23	46
Down.....	24	11.59	7	11.11	12	24
Same.....	49	23.68	13	20.63	15	30
Total.....	207	100.0	63	100.00	50	100

CONTINUING uncertain political and economic news, plus recent announcement that the economy has entered into a recession, makes the winter months less cheerful. News last November and in early December was not as bleak, when the questionnaires for our annual survey were being filled out by retailers. Iran was just getting started, and Afghanistan had not been invaded yet. Nor had the price of gold risen to the levels it enjoys today. Still, retailers were not as optimistic at the turn of the decade as they were when 1979 rolled around, according to our statistics, at least as far as paint and wallcoverings stores and lumber and building materials outlets are con-

cerned. In our "1980 Forecast" table, 64.7 per cent of the paint and wall-coverings store respondents expect 1980 gross sales to be up, compared with 73 per cent who thought 1979 sales would be higher than those in 1978. Lumber and building materials outlets are also cautious, with 46 per cent look for increased gross sales in 1980, as opposed to 51.2 per cent who thought 1979 would be better than 1978.

Hardware stores seem to have a different attitude, however. A healthy 68.3 per cent see 1980 as a better year, compared with 56.6 per cent who were similarly inclined during the last survey.

It seems that people depend on na-

tional elections to pull things together—economically as well as in the realm of foreign relations. The extremely confused and troubling news from Iran and environs, plus poor readings from the international economy, coupled with disturbing trends within the national economic picture, all cast a pall over attitudes. Still, reports from many retailers—not just of decorating products retailers—are that business is good and people are buying. Which way business will go is difficult, or impossible, to predict. What is indicated is that retailers must maintain a positive attitude, no matter what happens, and the hardware store people seem to be doing this best among stores surveyed.

ANNUAL READER SURVEY

THE COMPETITION

WHAT IS YOUR toughest competition? Tabulation of answers was done individually for the three main types of paint and wallcoverings outlets, the hardware store and the lumber/building material store.

Type of Competition	PAINT AND WALLCOVERINGS STORES				HARDWARE STORES	LUMBER & BLDG. MTL.
	Independent	Ft. Mfr. Owned	Chain	Total		
1. Discount Stores.....	27.3%	11.1%	25.0%	24.5%	47.6%	36.4%
2. General Merchandise Stores (Sears, Wards).....	21.6%	13.9%	—	19.9%	9.5%	15.1%
3. Paint Store Chains.....	9.0%	—	25.0%	7.4%	11.9%	18.2%
4. Paint/Wallcoverings Stores.....	9.7%	30.6%	—	13.0%	4.7%	6.1%
5. Factory-Owned Stores.....	13.6%	22.2%	25.0%	15.7%	4.7%	3.0%
6. Direct Selling by Manufacturers.....	2.8%	8.3%	—	4.2%	2.5%	—
7. Hardware Stores.....	1.7%	2.8%	—	1.9%	14.3%	—
8. Lumber Stores.....	1.7%	0	—	1.4%	2.4%	3.0%
9. Other.....	12.6%	11.1%	—	12.0%	2.4%	18.2%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

COMPETITION

Perception of the chief source of competition varies from year to year. This year the emerging villain is that category known as "discount stores." The general merchandise stores, such as Sears and Wards, seem to be enjoying greater respect, and the rest of the results are varied.

The focus on discount stores may be the result of harder times and consumer attitudes. The philosophy is that people are always looking for quality, especially do-it-yourselfers, but that

they are willing to price compare for quality when the economy is soft and hard times are predicted. Thus, consumers may be turning to discount stores more and more frequently, an obvious aggravation to retail outlets specializing in a full markup and service. Independent and chain paint and wallcoverings store and lumber and building materials outlets seem particularly sensitive to the matter this year, when compared to attitudes indicated in the previous survey. Still, the attitude of the confident retailer who specializes in services is that the do-it-yourselfer will eventually come back.

It is interesting to observe that paint manufacturer owned outlets regard paint and wallcoverings stores as their greatest competition, an attitude somewhat paralleling that of hardware stores, who perceive other hardware stores as their second largest source of competition. This is to be expected, of course, because hardware stores will tend to carry similar lines. In the case of paint manufacturer owned outlets, the concept still applies—similar lines yield the challenge to differentiate services to attract consumer attention, something that takes a lot of hard work and dedication.

PAINT SALES, 1979 VS. 1978				WALLCOVERINGS SALES, 1979 VS. 1978			
(All stores reporting)	1979 Survey No.	1979 Survey Per Cent	1978 Survey No.	1978 Survey Per Cent	(All stores reporting)	1979 Survey No.	1979 Survey Per Cent
Sales larger than previous year.....	283	72.20	246	71.3	Sales larger than previous year.....	196	64.90
Sales smaller than previous year.....	28	7.14	19	5.5	Sales smaller than previous year.....	34	11.07
Sales not same as previous year.....	81	20.66	80	23.2	Sales not same as previous year.....	75	24.43
Total answering question.....	392	100.00	345	100.0	Total answering question.....	307	100.00

SALES

Paint sales have edged up slightly over statistics gathered during the previous survey. But a larger number of retailers also report that paint sales are smaller than last year. Obviously, there were mixed results this year, although

changes are slight. The results indicate that 1979, while not a disastrous year, was not the best of years, and other survey results show that some retailers are going to behave very conservatively during 1980, whether such

behavior is required or not.

Wallcoverings present a different picture. There has been some backsliding in this realm, with fewer retailers indicating larger sales in 1979 than in 1978, and more reporting decreased

ANNUAL READER SURVEY

sales. Of course, the results are based on attitude, in most cases, rather than accounting figures, so the results point to a slight slip in attitude rather than a real decline in sales, it should be understood.

WALLCOVERINGS/FLOORCOVERINGS

SURVEY QUESTIONS dealt with wallcoverings. Dealers were asked whether they sold the material, the number of sample books they carried, number of patterns stocked, the top price range of stocked goods, the number of years they have been stocking and whether they used roll merchandising/display racks. Here are the tabulated responses from paint stores according to store type—Independent, factory-owned or part of a chain.

WALLCOVERINGS

Type of Paint Store	Sell?		Average No. Sample Books	Average No. Stocked Patterns	Average Top Price-Stocked	Average No. Of Years Stocking W/C	Using Roll Merchandising/Display Racks		Average No. of Racks
	Yes	No					Yes	No	
Independent	90.5	9.5	47	35	\$11.00	14	35.3%	64.7%	15
Pt. Mfr. Owned	93.8	6.2	34	34	\$11.00	9	39.5%	60.5%	15
Part of Chain	100.0	—	53	61	\$14.00	19	37.5%	62.5%	—
Total All P/W Stores	91.0	9.0	45	35	\$11.00	13	36.2%	63.8%	17

Dealers were also questioned about floorcoverings, including whether they sell them and average share of sales from stock.

FLOORCOVERINGS

Type of Paint Store	Sell?		Average Share of Sales From Stock
	Yes	No	
Independent	43.6	56.4	30%
Pt. Mfr. Owned	43.8	56.3	19%
Part of Chain	40.0	60.0	—
Total, All P/W Stores	43.5	56.5	29%

WALLCOVERINGS and FLOORCOVERINGS

There have been slight changes in the number of paint stores selling wallcoverings. Minor variations crop up every year, of course. It would appear that stores which are part of a chain still place more emphasis on wallcoverings. In addition, the average price charged for a roll of wallcoverings is the highest for the "part of a chain" outlet, coming in at \$14 per roll. Interestingly, these same outlets report that they have been stocking wallcoverings for the longest time.

Roll merchandising/display racks are moving along, although it appears that paint manufacturer owned stores and stores which are part of a chain have moved away from them to a degree. It may be that a substitute has been found, or other methods of display have been developed.

Floorcoverings are coming on rather strong. More paint stores are handling floorcoverings, with the exception of those stores which are part of a chain. Overall, there has been

a nice percentage gain for all paint and wallcoverings stores, although installation capability has moved in different directions for different types of outlets.

The figures show that stocked wallcoverings programs are frequently very limited in scope, despite the advice of those in distribution and manufacturing that a large number of patterns should be stocked before a depart-

ment begins to make money. Consumers demand a fairly large in-stock selection, although they do not seem to want to wade through hundreds and hundreds of sample books. Thus, 30 or 40 stocked patterns may not be worth the trouble, although there are mixed reviews on limited stocking programs coupled with an extensive book collection.

DEALER'S NET PROFITS FOR 1976-79

QUESTION asked was: Will your 1979 net profit before taxes be higher, lower or about the same?

	1979 vs. 1978		1978 vs. 1977		1977 vs. 1976	
	No.	Per Cent	No.	Per Cent	No.	Per Cent
(All store types)						
Higher	200	49.2	184	51.5	219	43.0
Lower	81	19.9	51	14.3	98	19.3
About the same	126	30.9	122	34.2	192	37.7
Total answering	407	100.0	357	100.0	509	100.0

ANNUAL READER SURVEY

NET PROFITS FOR 1979 VS. 1978 BY STORE CLASSIFICATION

	Paint & Wall-coverings Stores		Hardware Stores		Lumber & Bldg. Mtls.	
	No.	Per Cent	No.	Per Cent	No.	Per Cent
Higher.....	132	49.07	35	52.24	21	39.62
Lower.....	48	17.84	16	23.88	13	24.53
About the same.....	89	33.09	16	23.88	19	35.85
Total answering.....	269	100.00	67	100.00	53	100.00

INDEPENDENT PAINT STORES VS. OTHERS

(1979 net profits before taxes compared to 1978 for three classes of paint/wallcoverings stores: Independent, Factory-Owned and Part of Chain.)

	Independent		Pt. Mfr. Owned		Part of Chain	
	No.	Per Cent	No.	Per Cent	No.	Per Cent
Higher.....	104	47.37	24	60.00	4	44.44
Lower.....	40	18.18	8	20.00	—	—
About the same.....	76	34.55	8	20.00	5	55.56
Total answering.....	220	100.00	40	100.00	9	100.0

NUMBER OF YEARS IN BUSINESS

QUESTION asked was: How long have you been in business?.. years. Responses were tabulated by store type.

Years in Business	Paint & Wallcoverings Stores				
	Independent	Pt. Mfr. Owned	Part of Chain	Hardware Stores	Lumber Stores
5 or under.....	28.6%	19.1%	30.0%	9.7%	8.8%
6-10.....	20.2%	12.8%	20.0%	15.3%	12.3%
11-15.....	9.7%	12.8%	—	11.9%	3.5%
16-20.....	6.3%	14.9%	—	9.7%	5.3%
21-25.....	6.7%	10.0%	10.0%	9.7%	7.0%
26-30.....	7.1%	—	10.0%	8.3%	10.6%
31-35.....	11.8%	8.5%	20.0%	9.7%	26.3%
36-40.....	5.5%	8.5%	10.0%	11.9%	12.3%
41-45.....	1.3%	4.3%	—	6.9%	8.0%
46 or over.....	8%	8.5%	—	6.9%	5.3%
Total.....	100.0%	100.0%	100.0%	100.0%	100.0%
Average Years.....	21 yrs.	22 yrs.	21 yrs.	31 yrs.	35 yrs.

The same may apply to floorcoverings. Samples are fine, but a good selection seems to be essential. Fortunately, floorcoverings manufacturers do not offer the tremendous range of patterns that the wallcoverings industry produces and there are fewer manufacturing companies.

The continued success of stocking wallcoverings programs seems to hinge on continued increases in the

number of stocked patterns. The message that stocking involves a solid investment has been repeated over and over again. Of course, any department should be done correctly, but a good stock wallcoverings section deserves attention above and beyond just a few extra dollars. Hopefully the average number of patterns stocked will start to rise. If the numbers do not, there may be a decline in stocking outlets. Con-

tinued watch will determine which direction is taken.

PROFITS

The compilation of all store types points to fewer stores reporting an increase in profits in 1979 over 1978. Likewise, more report a decline in profitability, although the outlook was better this year than in the 1976-1977 survey results.

Checking into the matter more closely, we find that hardware stores are more optimistic, while lumber and building materials outlets are taking a rather dim view of things.

Many lumber and building materials stores are undergoing changes, sometimes broadening their lines, sometimes turning into home improvement centers. It may be that traditional lumber and building materials outlets are in contemplation of change or are undergoing change and have not yet found a satisfactory niche, resulting in dissatisfaction with profitability. This may be one part of the explanation for the results submitted.

Among paint stores, the paint manufacturer owned type is most optimistic, leading the pack by an excellent margin. The independent stores follow along, pretty much establishing the average for all types of outlets because of their greater numbers. The figures produce no startling conclusions, but they do portray the decorative products business as solid and steady, a long-held conclusion of the industry, which contends that people turn to their homes in bad times because it is their greatest investment. Thus, minor variations in forecasts of profitability are acceptable, and, depending on which side of the bed a particular respondent got out of that morning, the responses are optimistic, pessimistic or neutral. In general, the industry appears satisfied with profitability.

YEARS

Lumber stores are the most aged of the decorative products outlets surveyed, followed by hardware stores. The modernization, the upgrading and the improvements in lines, departments and merchandising techniques have impacted on all types of outlets,

ANNUAL READER SURVEY

and the days of the poorly lighted, wood-floored, dingy and dusty outlet are numbered.

Pushing from the rear are the large numbers of new stores which the figures show are being established. The growing number of independent stores, the particular strong showing by paint manufacturer and chain outlets, and the slow but continuous growth of hardware and lumber stores are all providing pressure for the continued upgrading of all types of outlets of all ages. In addition, manufacturers and wholesalers are providing impetus for growth and improvement, and so the entire picture is one of continued growth and competition, which, while bitter sometimes, provides the lubricant for steady improvement of all types of outlets.

LINES/TURNS

There is a split movement among paint and wallcoverings stores on number of paint lines carried. It seems that more stores are carrying three lines, while fewer are carrying just one or two lines. Hardware stores have experienced increases in the number of stores carrying two and three lines, and lumber and building materials outlets are carrying one line or three lines more frequently than indicated in the previous survey.

Nevertheless, hardware stores and lumber stores still prefer to carry only one line in the majority of cases, although many paint stores also only carry a single line.

Yearly inventory turnover figures are healthy, with paint and wallcoverings stores and lumber stores displaying a lead over hardware stores. Continued investment of time and money in inventory and managerial control systems by various types of outlets should produce a slow but steady growth turnover, as methods are implemented to spot slow moving lines of goods. Once they are spotted, slow movers can be eliminated and the investment placed in more profitable, faster moving lines. Such an effort is a continued one for any type of retail outlet, but there is plenty of help available to those retailers who recognize the need and pursue it.

PERSONNEL AND TRAINING

RETAILERS were asked several questions about personnel, including: do you presently employ a decorator and how many employees do you have, including yourself.

	Decorator? Yes (%)	Employees (Average)
Independent	29.4%	5
Paint Manufacturer Owned	30.2%	5
Part of Chain.....	11.1%	16
Average p/w stores.....	28.9%	5
Hardware Stores	—	10
Lumber & Building Materials	3.6%	19
Overall Average.....	21.9%	8

PAINT LINES, TURNS

NUMBER of paint lines carried and turnover for Decorative Products World readers were measured from responses to the annual survey questionnaire.

Number full paint lines	Paint and Wallcoverings Stores		Hardware Stores		Lumber & Bldg. Mtl. Stores	
	No.	%	No.	%	No.	%
1	122	54.0	43	63.2	35	66.0
2	69	30.5	18	26.5	13	24.5
3	24	10.6	5	7.4	3	5.7
4	10	4.4	2	2.9	2	3.8
5	—	—	—	—	—	—
6	1	.5	—	—	—	—
Total	226	100.0	68	100.0	53	100.0
Yearly Inventory						
Turnover						
Once	3	2.0	2	3.1	—	—
Twice	10	6.8	16	25.0	1	2.4
Three times	38	25.9	27	42.2	10	23.8
Four times	46	31.3	9	14.1	18	42.9
Five times	26	17.7	8	12.5	7	16.6
Six times	21	14.3	2	3.1	6	14.3
Seven Times or More	3	2.0	—	—	—	—
Total	147	100.0	64	100.0	42	100.0
Average Turnover	4 Times		3 Times		4 Times	

PRIVATE LABEL PAINT

Store Type	Do you sell Private Label Paint?		Is Private Label share of total paint sales up, down or same?		
	Yes	No	Up	Down	Same
Hardware	39.7%	60.3%	61.5%	15.4%	23.1%
Lumber/Bldg. Mtl.	31.6%	68.4%	44.4%	22.2%	33.3%
Department and Disc.	58.8%	41.2%	36.4%	18.2%	45.4%
Independent Paint	12.5%	81.5%	42.2%	15.6%	42.2%
Paint Mfr. Owned	37.8%	62.2%	44.4%	—	55.6%
Part of Chain Paint	62.5%	37.5%	40.0%	—	60.0%
Total PAINT Stores.....	22.3%	77.7%	42.6%	10.3%	47.1%
Total All Stores.....	28.1%	71.9%	40.4%	13.8%	39.8%

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PERSONNEL

The number of stores employing decorators is not increasing, according to figures produced from the survey. Last year, 29.8 per cent of the independent stores said they employed a decorator. This year, the figure is 29.4 per cent, an indication that the population of decorators in the traditional paint and wallcoverings firm is remaining relatively stable.

Last year the figures indicated that 25.2 per cent of all stores surveyed employed a decorator. This year, the figure is 21.9 per cent. Part of the change may result from the drop in the number of chain stores reporting that they employed a decorator. The figure falls from 60.0 per cent last year to 11.1 per cent this year. Of course, this may be the result of a statistical aberration.

The number of employees in the average store is also holding steady. Last year our results pointed to an average of 7.8 employees in all types of stores. This year the figure is 8 employees per store. The figure is swayed by the independent and paint manufacturer stores, which are both holding at an average of five employees in a store. Hardware and lumber outlets tend to be larger, employing more people to handle lines in their more varied departments.

PRIVATE LABEL

The figures point to an upsurge in interest in private label paint. In fact, all categories of retailers register an increase in selling private label paint, an indication of something cooking.

What is slightly suspicious, however, is that only hardware stores report that the private label share of total paint sales is up.

What this amounts to is that private label paint is enjoying an upsurge in popularity, perhaps as a result of the intense competition in paint, and retailers are attempting to be price competitive, among other things, by going to private label brands. What has not happened is a solid consumer switch to purchase of the private label lines.

Thus, there may be a shake out, since private label popularity tends to

CHANGES

QUESTION asked was: What departments have you added, dropped in 1979?

Paint and Wallcoverings Stores

Departments Added	Independent	Paint Mfr. Owned	Chain	Hardware Stores	Lumber/Bldg. Mfrs.
1. Draperies, Shades, Window Treatments	34.3%	48.0%	—	4.7%	—
2. Lumber, Paneling	1.6%	—	—	—	—
3. Paint, Paint Lin	9.9%	—	50.0%	4.7%	10.0%
4. Arts & Crafts	4.8%	—	—	—	—
5. Carpets, Floorcvs	17.5%	20.0%	—	—	10.0%
6. Wallcoverings, Stacked W/C	1.6%	—	—	13.3%	10.0%
7. Framing	3.2%	—	—	—	—
8. Furniture, glass	6.3%	20.0%	—	—	—
9. Other	20.6%	20.0%	50.0%	73.3%	70.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%
Dropped					
1. Furniture	11.1%	—	—	12.5%	—
2. Arts & Crafts	27.2%	37.5%	—	—	50.0%
3. Paint, Paint Lin	9.1%	—	—	—	—
4. Wallcoverings	—	12.5%	—	—	—
5. Glass	6.1%	—	—	—	—
6. Draperies, Shades	—	12.5%	—	—	—
7. Floorcvs	15.2%	25.0%	—	—	—
8. Picture Framing	9.1%	12.5%	100.0%	—	—
9. Other	11.2%	—	—	87.5%	50.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

ebb and flow, as do so many other merchandising practices and concepts. For the moment, however, private label is a way for a number of retailers to go, as the statistics indicate.

CHANGES

The retailing climate seems to encourage conservatism, and retailers do not seem to be falling all over themselves making changes. The survey returns pointed to a lot of interest in changing locations and opening new branches in 1980. An improved business climate would boost such activities, but tight money, if it continues, will hamper plans for expansion.

In lieu of location changes, retailers are adding and subtracting departments. In the independent paint store arena, attention seems to be most heavily focused on window treatments, including draperies, shades and

others. It is possible that some of this interest has been generated by the increased consumer concentration on wallcoverings and coordinated fabrics. Since so many different kinds of window treatments can take fabrics, it is a natural for the retailer handling coordinated fabrics to hop on the bandwagon and be prepared to handle the decoration of other facets of a room, in addition to the walls and trim.

Following behind window treatments in second place are floorcoverings, another bandwagon item which is fairly popular in the "lines dropped" table for independent retailers. In this table arts and crafts is the most popular line for abandonment, the same trend noticeable last year. One might conclude that there soon will be no more arts and crafts departments. However, the percentages, though large, only represent a small percentage of total independent retailers, since most retailers responding to the

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QUESTION asked was: How much of your business is to do-it-yourselfers____%, painting contractors____%, other contractors____%, industrial, commercial or institutional____%, dealers____%? Tabulated responses of paint and wallcoverings stores (in three store types-independent, factory-owned and chain) are below:

INDEPENDENT STORES

	Do-It-Yourselfers		Painting Contractors		Industrial, Commercial or Institutional		Dealers		Other Contractors	
	No.	%	No.	%	No.	%	No.	%	No.	%
0- 10	8	3.8	45	25.3	82	63.8	21	58.3	50	61.0
11- 20	9	4.3	53	29.8	24	18.8	6	16.6	12	14.6
21- 30	18	8.9	33	18.5	7	5.4	4	11.1	10	12.2
31- 40	17	8.4	16	9.0	7	5.4	2	5.6	6	7.4
41- 50	35	16.8	14	7.9	2	1.6	1	2.8	1	1.2
51- 60	27	10.0	5	2.8	1	.8	—	—	1	1.2
61- 70	22	10.5	6	3.4	3	1.8	1	2.8	2	2.4
71- 80	43	20.6	5	2.8	2	1.6	1	2.8	—	—
81- 90	22	10.5	1	.5	1	.8	—	—	—	—
91-100	14	6.2	—	—	—	—	—	—	—	—
Totals.....	209	100.0	178	100.0	129	100.0	36	100.0	82	100.0
Average %	60%		25%		15%		16%		15%	

PAINT MANUFACTURER OWNED

0- 10	5	11.4	7	15.6	15	42.9	7	70.0	14	63.7
11- 20	11	25.0	3	6.7	9	25.7	1	10.0	5	22.7
21- 30	6	13.6	10	22.2	2	5.7	1	10.0	3	13.6
31- 40	4	9.0	8	17.8	4	11.3	1	10.0	—	—
41- 50	7	16.0	10	22.2	3	8.6	—	—	—	—
51- 60	5	11.4	3	6.7	1	2.9	—	—	—	—
61- 70	—	—	3	6.7	—	—	—	—	—	—
71- 80	4	9.0	1	2.1	1	2.9	—	—	—	—
81- 90	1	2.3	—	—	—	—	—	—	—	—
91-100	1	2.3	—	—	—	—	—	—	—	—
Totals.....	44	100.0	45	100.0	35	100.0	10	100.0	22	100.0
Average %	38%		35%		21%		13%		12%	

CHAIN STORES

1- 10	—	—	1	20.0	2	66.7	—	—	1	25.0
11- 20	—	—	1	20.0	—	—	—	—	1	25.0
21- 30	—	—	3	60.0	1	33.3	—	—	1	25.0
31- 40	—	—	—	—	—	—	—	—	—	—
41- 50	2	25.0	—	—	—	—	—	—	1	25.0
51- 60	—	—	—	—	—	—	—	—	—	—
61- 70	4	50.0	—	—	—	—	—	—	—	—
71- 80	1	12.5	—	—	—	—	—	—	—	—
81- 90	1	12.5	—	—	—	—	—	—	—	—
91-100	—	—	—	—	—	—	—	—	—	—
Totals	8	100.0	5	100.0	3	100.0	—	—	4	100.0
Average %	66%		24%		13%		—		25%	

TOTAL PAINT AND WALLCOVERINGS STORES

0- 10	13	5.0	53	23.2	99	59.3	28	60.0	65	60.2
11- 20	20	7.6	57	25.0	33	19.8	7	15.2	18	16.7
21- 30	24	9.2	46	20.2	10	6.0	5	10.9	14	13.0
31- 40	21	8.0	24	10.6	11	6.6	3	6.4	6	5.6
41- 50	44	16.9	24	10.6	5	3.0	1	2.2	2	1.8
51- 60	26	10.0	8	3.5	2	1.2	—	—	1	.9
61- 70	26	10.0	9	3.9	3	1.8	1	2.2	2	1.8
71- 80	48	18.4	6	2.6	3	1.8	1	2.2	—	—
81- 90	24	4.2	1	1.4	1	.5	—	—	—	—
91-100	15	5.7	—	—	—	—	—	—	—	—
Totals	261	100.0	228	100.0	167	100.0	46	100.0	108	100.0
Average %	55%		28%		17%		15%		15%	

questionnaires did not add or drop any departments during 1979. Tight money and the economic news may contribute to such lack of activity. However, some may say that stores should be experimenting more when times are tough, in order to tempt purchases from consumers. Be that as it may, 1979 seems to have been a quiet year.



ANNUAL READER SURVEY

CUSTOMERS

Dealers were asked what share of their sales volume is to do-it-yourselfers, painting contractors, industrial/commercial or institutional, other dealers or other contractors. The results point to considerable do-it-yourself business, the mainstay consumer for the decorative products outlet. Interestingly, paint manufacturer owned outlets report an excellent business to painting contractors, while industrial, commercial or institutional consumers follow along in third place.

Heavy competition in paint is probably causing some retailers to consider diversification, and many have long benefited from serving a number of different markets.

SALES VOLUME

Sales volume as a percentage of total sales is calculated for six categories, including paints and coatings, paint department sundries, wallcoverings, floorcoverings, home decorative merchandise and other.

The paint and wallcoverings stores are doing the leading job in percentage of business received from paint sales, followed by lumber and building materials outlets and, third, hardware stores. The hardware and lumber outlets offer a considerably more diverse spectrum of lines, of course, and the statistics do not necessarily indicate that hardware stores, for example, are not selling a lot of paint. Also, with a large number of lines, hardware stores may have a greater number of customers who buy their paint as return customers, for example. In fact, heavy dependence on paint may be considered dangerous, the reason for the development of decorating centers and the impetus behind the provision of quality service to do-it-yourselfers.

Paint department sundries are about neck and neck across the board, which may mean that customers are turning to hardware stores and lumber and building materials outlets for their sundries.

Paint and wallcoverings outlets clear the deck on wallcoverings, with hardware and lumber outlets tending to ignore the line to a degree. However,

PAINT DEPARTMENT VOLUME

Paint and Coatings as Percentage of Total Volume	Paint and Wallcoverings Stores		Hardware Stores		Lumber & Bldg. Mtl.	
	No.	%	No.	%	No.	%
1-10.....	16	6.23%	20	35.71%	11	26.82%
11-20.....	19	7.40%	14	25.00%	8	19.51%
21-30.....	31	12.06%	3	5.36%	2	4.88%
31-40.....	35	13.61%	3	5.36%	1	2.44%
41-50.....	42	16.34%	4	7.14%	3	7.32%
51-60.....	51	19.84%	5	8.92%	5	12.20%
61-70.....	29	11.29%	2	3.57%	5	12.20%
71-80.....	19	7.39%	3	5.36%	4	9.76%
81-90.....	10	3.89%	1	1.79%	2	4.87%
91-100.....	5	1.95%	1	1.79%	—	—
Total.....	257	100.0%	56	100.0%	25	100.0%
Average %		48%		28%		38%

PAINT DEPARTMENT SUNDRIES

Paint Dept. Sundries Percentage of Total Volume	Paint and Wallcoverings Stores		Hardware Stores		Lumber & Bldg. Mtl.	
	No.	%	No.	%	No.	%
1-10.....	124	50.20%	30	56.60%	21	55.26%
11-20.....	88	35.64%	12	22.64%	12	31.58%
21-30.....	21	8.50%	5	9.44%	3	7.90%
31-40.....	8	3.26%	3	5.66%	2	5.26%
41-50.....	1	.40%	3	5.66%	—	—
51-60.....	2	.80%	—	—	—	—
61-70.....	1	.40%	—	—	—	—
71-80.....	2	.80%	—	—	—	—
81-90.....	—	—	—	—	—	—
91-100.....	—	—	—	—	—	—
Total.....	247	100.0%	53	100.0%	38	100.0%
Average %		14%		14%		13%

WALLCOVERINGS VOLUME

Wallcoverings Sales as Percentage of Total Volume	Paint and Wallcoverings Stores		Hardware Stores		Lumber & Bldg. Mtl.	
	No.	%	No.	%	No.	%
1-10.....	61	24.20%	17	77.27%	17	85
11-20.....	68	26.97%	5	22.73%	1	5%
21-30.....	56	22.31%	—	—	1	5%
31-40.....	29	11.51%	—	—	1	5%
41-50.....	15	5.98%	—	—	—	—
51-60.....	6	2.38%	—	—	—	—
61-70.....	4	1.59%	—	—	—	—
71-80.....	7	2.78%	—	—	—	—
81-90.....	—	—	—	—	—	—
91-100.....	6	2.38%	—	—	—	—
Total.....	252	100.0%	22	100.0%	20	100%
Average %		25%		7%		9%

ANNUAL READER SURVEY

FLOORCOVERINGS VOLUME

Floorcoverings Sales as Percentage of Total Volume	Paint and Wallcoverings Stores		Hardware Stores		Lumber & Bldg. Mtl.	
	No.	%	No.	%	No.	%
1-10.....	55	48.67	7	100.0	15	75
11-20.....	20	17.70	—	—	2	10
21-30.....	16	14.16	—	—	1	5
31-40.....	14	12.39	—	—	2	10
41-50.....	3	2.65	—	—	—	—
51-60.....	3	2.65	—	—	—	—
61-70.....	1	.89	—	—	—	—
71-80.....	1	.89	—	—	—	—
81-90.....	—	—	—	—	—	—
91-100.....	—	—	—	—	—	—
Total.....	113	100.0	7	100.0	20	100.0
Average %	18		5		11	

HOME DECORATIVE MERCHANDISE VOLUME (DRAPERIES, SHUTTERS, ETC.)

Home Decorative Merchandise as Percentage of Total Volume	Paint and Wallcoverings Stores		Hardware Stores		Lumber & Bldg. Mtl.	
	No.	%	No.	%	No.	%
1-10.....	59	57.28	13	86.67	12	80
11-20.....	20	19.42	2	13.13	3	20
21-30.....	14	13.60	—	—	—	—
31-40.....	3	2.91	—	—	—	—
41-50.....	2	1.94	—	—	—	—
51-60.....	3	2.91	—	—	—	—
61-70.....	2	1.94	—	—	—	—
71-80.....	—	—	—	—	—	—
81-90.....	—	—	—	—	—	—
91-100.....	—	—	—	—	—	—
Total.....	103	100.0	15	100.0	15	100.0
Average%	15		5		7	

"OTHER" SALES VOLUME

Volume Other Than Areas Listed as Percentage of Total Volume	Paint and Wallcoverings Stores		Hardware Stores		Lumber & Bldg. Mtl.	
	No.	%	No.	%	No.	%
1-10.....	42	56.00	9	17.75	7	22.58
11-20.....	11	14.66	2	4.17	1	3.23
21-30.....	6	8.00	—	—	1	3.23
31-40.....	2	2.67	2	4.17	—	—
41-50.....	8	10.67	2	4.17	3	9.67
51-60.....	2	2.67	3	6.25	3	9.67
61-70.....	1	1.33	8	16.67	4	12.91
71-80.....	1	1.33	10	20.74	3	9.67
81-90.....	2	2.67	9	17.75	5	16.13
91-100.....	—	—	4	8.33	4	12.97
Total.....	75	100.0	48	100.0	31	100.0
Average%	19		60		56	

wallcoverings are growing more competitive as wallcoverings specialty stores enter the market and large, general merchandise outlets find the formula for selling the line. Thus, there is no rest on this front for the decorating center, it would seem.

Paint stores are doing pretty good in floorcoverings, although building materials stores are not lying down on the job, it would appear. Floorcoverings do not seem to be the center of attention at hardware stores by any stretch of the imagination.

Home decorative merchandise is also in the hands of the paint and wallcoverings stores, although it is understood that a variety of specialty stores and other types of outlets are in the marketplace.

Finally, the "other" sales volume shows that the strength of hardware and lumber stores lies elsewhere, although, once again, the diversification of these types of stores creates return customers who are likely to buy paint and decorative products at the store, also.

Over time, the precise definitions of different types of stores become vague as stores move into diverse departments, depending on the interests of management and owners, as well as in response to area tastes and product preference. The closeness of competition obviously impacts on what lines various types of stores add or subtract.

Likewise, departments such as window treatments or floorcoverings vary in definition, and paint sundry items are likely to vary from store to store.

The presence of other departments, particularly the many different departments likely to be found in a hardware store, dilutes the contribution which paint and wallcoverings make to total sales volume.

Thus, higher percentages of total sales in one type of outlet does not mean that other types of outlets are not offering plenty of competition. People contemplating starting a new outlet to sell paint or wallcoverings must realize that competition comes from an amazingly diverse group of stores, and new competitive forces may arrive on the scene at any particular time, all intent on obtaining a share of the market. In some cases, diversification may seem to be the answer.

ANNUAL READER SURVEY

STORE GOSSIP

Retailers were questioned about their most profitable lines, their least profitable lines, the hottest line they carried and their promotional emphasis.

Paints and stains are high on everybody's list as the most profitable lines, and there is no doubt that these lines constitute bread and butter for many stores. Wallpaper is a close second for the independent, despite, apparently, many comments to the contrary, and wallcoverings are second among all paint and wallcoverings stores.

In the least profitable classification, there seems to be a number of retailers who question the profitability of paints or stains. Sometimes, of course, the answers reflect unsatisfactory performance of a segment of the line, but wallcoverings also come in for some discouraging words from paint and wallcoverings stores. Also questioned are floorcoverings, the result of the competition provided by floorcoverings specialty stores.

Paints and stains and wallcoverings enter the picture again as the hottest items in the paint store. As mentioned, many of the answers concerned particular products, or collections, but the conclusion is that paint and wallcoverings departments are not static. Instead, retailers are constantly adding new products and innovating.

The same holds true for promotional trends. The difference between promotions of paints and stains and wallcoverings is probably a reflection of the lack of co-op allowances for wallcoverings, a missing gesture which may be damaging the total sales of wallcoverings.

POPULAR ITEMS

Dealers were asked to check products they handle on a list of 79 items. Of those listed, 46 gained in percentage of stores handling over 1978, 20 declined, two were unchanged and 11 were newly added to the list this year.

It is interesting to note that window treatments seem to be enjoying considerable interest. Window shades showed the greatest increase, and venetian blinds followed in fourth

STORE GOSSIP

WHAT is your most and least profitable line? What product or product line has been the hottest (producing the most traffic) in 1979? What product or product line did you most heavily promote in 1979? Is this emphasis a change from last year? Answers are in percentage of those responding.

	Independent	Paint Mfr. Owned	Chain	Hardware Stores	Lumber/Bldg. Mtls.
Most Profitable					
Art, Craft Supplies.....	.5%	—	—	—	—
Paint, Stains	34.5%	64.9%	50.0%	62.0%	66.6%
Wallpaper	33.5%	24.3%	25.0%	12.0%	4.2%
Furniture Refinishing, Furniture.....	1.0%	—	—	—	—
Draperies, Window Treatments ..	20.5%	8.1%	12.5%	6.0%	— %
Picture Framing	2.0%	—	—	—	2.1%
Carpeting, Flooring	4.0%	2.7%	—	—	4.2%
Sundries.....	2.5%	—	—	6.0%	6.3%
Other	1.5%	—	12.5%	14.0%	16.6%
Total.....	100.0%	100.0%	100.0%	100.0%	100.0%
Least Profitable					
Art, Craft Supplies.....	1.2%	—	—	—	—
Paint, Stains	26.2%	6.1%	—	37.9%	10.7%
Wallpaper	22.7%	15.2%	80.0%	24.1%	17.9%
Furniture Refinishing, Furniture.....	.6%	—	—	—	3.6%
Draperies, Window Treatments ..	9.3%	18.2%	—	13.8%	21.4%
Picture Framing	.6%	—	—	—	—
Carpeting, Flooring	24.4%	36.4%	20.0%	3.4%	25.0%
Sundries.....	6.4%	3.0%	—	3.4%	3.6%
Other	8.6%	21.1%	—	17.4%	17.8%
Total.....	100.0%	100.0%	100.0%	100.0%	100.0%
Hottest					
Art, Craft, Supplies.....	.6%	—	—	—	—
Paint, Stains	40.5%	61.3%	33.3%	63.0%	59.4%
Wallpaper	34.2%	29.0%	33.3%	3.7%	—
Furniture Refinishing, Furniture.....	2.5%	—	—	—	—
Draperies, Window Treatments ..	8.8%	3.2%	33.3%	—	6.3%
Picture Framing	1.9%	—	—	—	—
Carpeting, Flooring	5.1%	3.2%	—	—	3.1%
Sundries.....	1.3%	—	—	—	3.1%
Other	5.1%	3.2%	—	33.3%	28.1%
Total.....	100.0%	100.0%	99.9%	100.0%	100.0%
Most Promoted					
Art, Craft Supplies.....	—	—	—	—	2.5%
Paint, Stains	69.4%	91.2%	71.4%	68.7%	70.0%
Wallpaper	14.3%	5.9%	14.3%	4.7%	—
Furniture Refinishing, Furniture.....	.5%	—	—	—	—
Draperies, Window Treatments ..	5.8%	—	—	—	—
Picture Framing	.5%	—	—	—	—
Carpeting, Flooring	5.6%	2.9%	—	—	2.5%
Sundries.....	.5%	—	—	—	2.5%
Other	3.2%	—	14.3%	27.1%	22.5%
Total.....	100.0%	100.0%	100.0%	100.0%	100.0%
Change					
Yes	10.2%	18.8%	—	22.6%	15.4%
No	89.8%	81.2%	100.0%	77.4%	84.6%
Total.....	100.0%	100.0%	100.0%	100.0%	100.0%

ANNUAL READER SURVEY

place in increases.

An upsurge in attention directed towards window treatments may indicate growing popularity of complete departments, or it may show that some manufacturers are being very aggressive in placing their displays. Whichever is the explanation, it is a good sign that dealers are adding additional depth to the complete home decorating capability of their outlets.

Another interesting sign is the movement in window glass. Traditionally, this department comes and goes.

PRODUCT POPULARITY POLL

	Per Cent of Dealers Selling in '79	Per Cent of Dealers Selling in '78	'78-'79 Per Cent Gain
Window shades	41.8	30.8	11.0
Blacktop driveway coatings.....	45.8	36.5	9.3
Window glass	40.1	31.5	8.6
Venetian blinds (horizontal, vertical)	32.0	23.6	8.4
Silicone water repellent coatings	73.4	65.5	7.9
Rug scrubbers	40.1	32.3	7.8
Ladders	67.8	60.5	7.3
Sanding blocks/sponges.....	60.6	54.1	6.5
Chemical paint removers	83.2	76.9	6.3
Floor tile (rubber, vinyl or asphalt, etc.)	29.0	22.8	6.2

Percentage Handling Various Lines

(All Store Types Reporting)

PAINTS

Blacktop driveway coatings.....	45.8
Latex (Water Base) Varnish	45.1
Exterior transparent stain (or semi-transparent)	83.2
Exterior solid color stain (or pigmented)	82.4
Exterior Wood Finish, Clear	84.7

INDUSTRIAL MAINTENANCE

COATINGS

Fire retardant paint, intumescent.....	28.8
Fire retardant wood finishes.....	14.2
Zinc primer	59.7
Red oxide primer	67.1
Professional painter coatings ..	50.1

WALLCOVERINGS

Wallpaper	71.5
Strippable wallcovering	66.2
Vinyl wall fabrics	67.5
Photographic murals	59.9
Scenics	57.7
Decorative Squares/ Wallcovering	9.8

CHEMICAL SPECIALTIES

Chemical paint removers	83.2
Masonry cleaning and etching compounds	62.3
Silicone water-repellent coatings	73.4
Wallcovering paste or adhesive	83.2
Mildew removers	67.8
Mildew control additives	50.1
Stain/Spot Sealers	72.5
Caulking/Sealant, oil-based	83.7
Caulking/Sealant, butyl rubber	82.4

Caulking/Sealant, latex	89.8
Caulking/Sealant, silicone	76.0
Rust Converters	39.0

PAINTING & WALLCOVERING

ACCESSORIES

Paint Pails, metal	70.6
Paint Pails, plastic	86.9
Paint Pails, paper	50.5
Paint Pail Liners	29.6
Breather vents	45.8
Dry-wall tools	65.4
Ladders	67.8
Flat applicators (pad painters)	82.4
Foam brush	79.3
Tack cloths	85.0
Wallcovering tools	83.4

CRAFTS

High build, clear plastic coatings	24.0
Hobby kits	3.7
Decoupage	10.5
Gold leaf	22.4
Antiquing kits	52.5

MISCELLANEOUS

Window glass	40.1
Window Glazing Plastic	47.9

FLOOR COVERINGS

Floor tile (rubber, vinyl, or asphalt, etc.)	29.0
Roll goods, hard surface	29.0
Carpeting	32.0

ARTISTS MATERIALS

Oil color sets and colors	11.1
Picture frames and framing	17.4
Artists brushes	29.4

Art pads	10.0
Mat board	11.8

HOME DECORATIVE MERCHANDISE

Ceiling tile	18.5
Self-adhesive decorative plastic (Con-Tact brand type)	27.9
Shutters	24.2
Unfinished furniture	7.8
Furniture touchup/repair kits ..	17.0
Window shades	41.8
Draperies	23.7
Venetian blinds (horizontal, vertical)	32.0

EQUIPMENT

Portable cup type airless spray outfit	28.8
Airless spray outfits, complete	28.8
Conventional spray outfits, complete	19.2
Spray guns, tips, hose, nozzles, compressors	23.5
Floor polishers	13.7
Floor sanders and edgers	11.1
Paperhanging kits	61.2
Portable sandblasting equipment	3.9
Rug scrubbers	40.1
Wallpaper steamers	18.5
Pressure cleaning equipment ..	10.9
Respirators	28.3
Powered Paint/ paste Rollers	5.2
Wallcovering Pasting Machines	1.7
Abrasive Sanding discs	45.1
Sanding blocks/sponges	60.6
Rotary tool strippers	41.2